GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5768
ANSWERED ON:03.05.2002
PURCHASE OF GILTS BY COOPERATIVE BANKS
M.H. AMBAREESH

Will the Minister of FINANCE be pleased to state:

(a) whether some of the cooperative banks had entered into deals with brokers who manipulated public money for purchase of gilts;

(b) if so, the details thereof; and

(c) the action taken against the officers of these cooperative banks?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a) & (b): Reserve Bank of India (RBI) has reported that urban co-operative banks are permitted to undertake purchase/ sale transactions in Government securities, subject to a ceiling of 5% of the total transactions being routed through individual brokers. In case where the bank is required to exceed `the ceiling, the bank is required to inform the Board of Directors, post-facto. However, as per RBI report, no urban co-operative bank has financed any broker for dealing in Government Securities.

(c): Does not arise in view of above.